

**Statement of  
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**Submitted to the**

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**U.S.-Japan Relations: Enduring Ties, Recent Developments**

Mr. Chairman, Mr. Manzullo, and Members of the Subcommittee, it is a privilege to appear before you today. In 2010, the United States and Japan are celebrating the 50<sup>th</sup> anniversary of our Treaty of Mutual Cooperation and Security, a historic milestone that is both an opportunity to reflect on the successes of the past half century and also an opportunity to look ahead toward future challenges and possibilities. In 2010, Japan is also host of the Asia Pacific Economic Cooperation (APEC) forum, which will culminate in an APEC leaders meeting in Yokohama in November.

Japan is among our most important trading partners and a staunch and important ally. We work together on a broad range of important issues: from the United Nations and the Six-Party Talks to increasing regional economic integration, promoting democracy and human rights, climate change, nuclear non-proliferation and disarmament, and coordinating humanitarian assistance and disaster relief. Japan continues to be an increasingly active partner in global affairs, and our bilateral and multilateral cooperation transcends the Asia-Pacific region. Japan is working with us and others on post-earthquake recovery in Haiti and Chile, is a vital international supporter of reconstruction, reintegration, and development in Afghanistan, and is combating piracy off the Horn of Africa to ensure freedom of navigation and safety of mariners.

Whatever challenges we may face in the next half century, I am confident that our relationship with Japan will be an important element of our success. Our relationship continues to develop and evolve, and continues to contribute to peace, prosperity and security throughout the region and the globe.

### ***Japanese Domestic Politics***

I would like to begin with a brief look at the current domestic political situation in Japan, which will provide context for a broader discussion of U.S.-Japan security alliance issues and political and economic issues.

Like the United States, Japan experienced historic political change last year. At the end of August 2009, Japan held an election for the Lower House of the Diet. In that election, the Democratic Party of Japan (DPJ) won a dramatic victory, gaining 308 out of 480 seats, and ending 55 years of almost unbroken rule by the Liberal Democratic Party (LDP). The LDP-led coalition had already lost its majority in the Upper House in July 2007, although the DPJ did not hold an absolute majority in that chamber. When, on September 16, the DPJ formed its government with Yukio Hatoyama as Prime Minister, the new cabinet was formally a coalition with two minority parties, the Social Democratic Party and the People's New Party. The combined seats of the coalition are sufficient for the government to control both chambers of the Diet, a necessity for the government to smoothly pass crucial legislation, including the budget.

The United States congratulated Japan on this historic election and joined the people of Japan in reaffirming the strong democratic tradition that we share. We also welcomed the opportunity to work with the new government in Tokyo on a broad range of global, regional and bilateral issues. Since August, President Obama has met twice with Prime Minister Hatoyama; Secretary Clinton met most recently with her counterpart, Foreign Minister Okada, in January in Hawaii.

The new Japanese government stated that its highest priorities are domestic. It seeks to reinvigorate the Japanese economy and reform the political system. Furthermore, the DPJ has had to take into account the views of its coalition partners, whose own policy objectives are not entirely the same as that of the DPJ. In December, the Social Democratic Party stated publicly that it would leave the coalition – potentially having an impact on the DPJ's budget and other critical legislation – if the government proceeded to implement the 2006 bilateral Realignment Roadmap and the 2009 Guam International Agreement and relocate the Futenma Marine Corps Air Station to a new facility attached to Camp Schwab. Subsequently, in an effort to reach a compromise, the government tasked a commission – including representatives from each of the three parties in the coalition – with examining all options for a Futenma Replacement Facility (FRF).

### ***U.S.-Japan Security Alliance***

As President Obama said in his Tokyo speech last November, the U.S.-Japan alliance is not a historic relic from a bygone era, but an abiding commitment to each other that is fundamental to our shared security.

The U.S.-Japan Alliance plays an indispensable role in ensuring the security and prosperity of both the United States and Japan, as well as regional peace and stability. The Alliance is rooted in our shared values, democratic ideals, respect for human rights,

rule of law and common interests. The Alliance has served as the foundation of our security and prosperity for the past half century, and we are committed to ensuring that it continues to be effective in meeting the challenges of the 21<sup>st</sup> century. The U.S.-Japan security arrangements underpin cooperation on a wide range of global and regional issues as well as foster stability and prosperity in the Asia-Pacific region.

The Alliance is the cornerstone of our engagement in East Asia. That is a phrase oft-repeated by U.S. officials, but I think it is important and perhaps timely to step back and consider what that means. This cornerstone role began and grew out of the farsighted vision of American leaders at the end of World War II, a vision that recognized the importance of building strong partnerships with democratic market economies to meet the challenges of the second half of the 20<sup>th</sup> century, not just with our wartime allies, but equally with those who had been our adversaries. This vision was predicated on an idea, validated by the passage of time, that U.S. interests are best served by the emergence of strong, prosperous and independent democracies across the Pacific, as well as the Atlantic. Those leaders built an alliance with Japan based both on common interests and shared values, an alliance formally consecrated 50 years ago. That alliance not only helped secure peace and prosperity for the people of Japan and the United States, but it also helped create the conditions that have led to the remarkable emergence of Asia as the cockpit of the global economy that has helped lift millions out of poverty and gradually spread the blessings of democratic governance to more and more countries of that region.

The Alliance had its roots in the Cold War. With the collapse of the Soviet Union and the movement towards a more market-oriented government in China, some began to question the relevance of what President Eisenhower had called our indestructible partnership. Yet under the leadership of President Clinton and Prime Minister Hashimoto, the United States and Japan set out to demonstrate that our partnership should and could adapt to the evolving dynamics of the post-Cold War Asia.

In the 14 years since the Clinton-Hashimoto Joint Security declaration, the relationship has grown stronger even as it has evolved. The United States and Japan have worked together to update our alliance, through efforts ranging from the force posture realignment to the review of roles, missions, and capabilities. The alliance has grown in scope, with cooperation on everything from missile defense to information security. Additionally, Japan provides approximately \$3 billion annually in host nation support to the U.S. military, more than any other U.S. ally.

There are more than 48,000 American military personnel deployed in Japan, including our only forward deployed carrier strike group, the 5<sup>th</sup> Air Force, and the III Marine Expeditionary Force. Through the Defense Policy Review Initiative (DPRI), the United States and Japan made a landmark alliance commitment under the 2006 U.S.-Japan Realignment Roadmap, which was reaffirmed by the 2009 Guam International Agreement, to implement a coherent package of force posture realignments that will have far-reaching benefits for the Alliance. These changes will help strengthen the flexibility and deterrent capability of U.S. forces while creating the conditions for a more sustainable U.S. military presence in the region. The transformation includes the

relocation of approximately 8,000 Marines from Okinawa to Guam, force posture relocations and land returns on Okinawa, and other realignments and combined capability changes on mainland Japan (e.g., increased interoperability, as well as collaboration on ballistic missile defense). This realignment will strengthen both countries' ability to meet current responsibilities and create an Alliance that is more flexible, capable, and better able to work together to address common security concerns, whether in the region or globally.

The Futenma Replacement Facility, a lynchpin of the Realignment Roadmap, is currently being reviewed by the new DPJ government. The Government of Japan has stated that its review of the relocation issue will conclude by May. As Secretary Clinton has said, "we are respectful of the Japanese government's process." At the same time, "our position remains that in terms of both the security arrangements needed to protect Japan and to limit the impact of bases on local communities, particularly on Okinawa, that the realignment roadmap presents the best way forward.

### ***The U.S.-Japan Economic Relationship***

Mr. Chairman, the United States and Japan are the world's largest economies, together generating over a third of global output. We owe much of our prosperity to our bilateral economic relationship. In 2009, Japan and the United States exchanged the equivalent of \$400 million in goods every day. Japanese companies in the United States employed 665,200 American workers in 2007; and U.S. firms provided jobs for over 302,900 Japanese workers. According to the most recent figures (from 2008), the United States has almost \$79 billion invested in Japan – more than a third of Japan's total inward investment, while Japan's direct investment stock in the United States is also substantial, at \$259.6 billion, over 30 percent of all Japanese outward investment. We enjoyed a \$16.8 billion surplus in our services trade with Japan in 2008, which partly compensated for our \$74.1 billion deficit in goods trade. Last year, we exported \$51.2 billion in goods to Japan, and our goods trade deficit with Japan fell to \$44.8 billion. Our economic relationship is more cooperative and less confrontational than in the past, although some long-standing trade irritants remain. We recognize that to sustain productive, growing domestic economies and maintain a strong international system based on free markets, opportunity, and effective and responsible economic governance, we need to continue to work together. We are global leaders, and we are finding more and more that our engagement is global in scope as we tackle issues like energy security and climate change; protect intellectual property rights; deepen and strengthen the Asia-Pacific economic community; and address critical development needs in Iraq, Afghanistan, Africa and elsewhere.

As important as our global economic relationship has become, we also need to continue our efforts to expand trade and investment between us. Our trade with Japan is not growing at the same rate as our trade with other countries in the region, and we continue to urge Japan to make meaningful market access commitments in the Doha Development Round negotiations. We are working hard to further open the Japanese market to U.S. beef, consistent with science and international standards and to improve market access

for U.S. automobiles. We are also pressing Japan to establish a level playing field between Japan Post and private companies in the insurance, banking, and express delivery sectors, in accordance with Japan's international obligations. In its policies and public statements, Japan should create and maintain a climate that welcomes foreign investment.

On December 11, 2009, we concluded a new U.S.-Japan Open Skies civil aviation agreement. Upon its entry into force, the new agreement will represent a market-oriented approach to civil aviation relations: airlines, not governments, will decide which cities to serve, the frequency of flights, the equipment used, and the prices charged. The Open Skies agreement with Japan meets all elements of the U.S. Department of Transportation's 1992 definition and mirrors agreements we have with more than 90 partners around the world. Regarding Narita, Tokyo's international airport, U.S. airlines are guaranteed slots to allow for future growth. At Haneda, Tokyo's domestic airport which will open to scheduled international service next October, we negotiated conditions that will ensure competitive equality for U.S. and Japanese carriers.

### ***Global Partnership Issues***

Japan today is playing an increasingly active role on the world stage, aiding in reconstruction efforts in Iraq and anti-piracy operations off the Horn of Africa. A participant in the Contact Group on Piracy Off the Coast of Somalia (CGPCS), Japan chaired its fourth session and has also contributed \$14 million to the International Maritime Organization's Task Force to implement the Djibouti Code of Conduct. Active in Afghanistan's reconstruction since 2002, under its new government Japan has become the second largest international contributor to Afghanistan. Japan also continues to provide strong leadership in encouraging additional international support for Pakistan. We especially welcome and value Japan's continued leadership on Afghanistan reconstruction and reintegration efforts. In Afghanistan, its new \$5 billion/five year commitment quadruples its annual assistance levels and will help train police officers, reintegrate demobilized fighters, expand agriculture, and build critical infrastructure as we work towards our shared goals of a stable and peaceful Afghanistan, and hope and progress in Pakistan. Although the Japanese Indian Ocean refueling support ended in January, we share the hope on the part of the international community that there will be other Japanese Self-Defense Force contributions to stability in this crucial region. We have been impressed by the public comments and actions of the Japanese government underscoring the importance of Afghanistan's development, and we look forward to working with Japan as it considers additional projects focused on promoting peace and stability in the region. Our cooperation on development has been global in scope, including a long-standing USAID global health partnership with Japan that has led to joint projects and closely coordinated efforts in more than 30 developing countries around the world, in such vital areas as HIV/AIDS prevention and maternal and child health care. We hope to be able to deepen this kind of assistance collaboration with Japan, in health as well as on other global development issues of mutual interest.

Japan has also been a strong supporter of the global nonproliferation regime, reflected recently in the installation of Yukio Amano, a respected Japanese public servant as the new director of the IAEA. And last December in Copenhagen, Japanese leadership played a vital role in helping the international community take a meaningful step towards addressing the global challenge of climate change.

### ***Haitian and Chilean Relief***

Japan's response to the devastating earthquakes in Haiti and Chile was swift, reflecting Japan's expertise in natural disaster response. Throughout the aftermath of these devastating earthquakes, our governments have been in close contact with one another, with the Governments of Haiti and Chile, and with the United Nations organizations, to ensure swift, efficient delivery of emergency relief to the people of Haiti and Chile. I would highlight in particular the close cooperation between Japan's Self Defense Forces and SOUTHCOM, as well as between Japan's Foreign Ministry and the Department of State, in the immediate aftermath of the Haitian earthquake, made possible by our strong alliance ties.

Within 48 hours of Haiti's earthquake, Japan pledged to provide emergency supplies as well as substantial financial support for the World Food Program and UNICEF. By January 17, Japan had set up a field hospital in Léogâne, just west of Port-au-Prince, manned first by a small civilian team, then augmented by a 100-person Self Defense Forces medical unit. A Japanese Air Self Defense Forces C-130 evacuated 34 American citizens on its January 17 return trip – a generous act those Americans will always remember. Japan also deployed 350 Self Defense Forces personnel, including 190 engineers, to the MINUSTAH peacekeeping mission in Haiti, under whose auspices they are clearing rubble and restoring roads. To date, Japan has announced pledges of over \$70 million to Haiti: \$25 million for emergency response and \$45 million for long-term reconstruction.

Japan's response to the Chilean quake was equally rapid. Quickly consulting with the Chilean government, Japan offered to dispatch an emergency medical mission, provided US \$3 million for emergency relief assistance grants, and approximately US \$300,000 worth of supplies. Should the Chilean people have additional needs, their government knows it can count on Japan to support international efforts to help them rebuild.

### ***Japan's APEC Priorities***

Japan and the United States have a great opportunity to advance regional prosperity during our back-to-back APEC host years in 2010 and 2011, respectively. We are working closely with Japan to address trade and investment barriers, strengthen regional economic integration, and undertake pragmatic actions that will stimulate more balanced, sustainable, knowledge-based and inclusive growth. Together we are also working with our APEC partners to build resilient economies by preparing the region for natural disasters, bolstering public health capabilities, and ensuring an abundant and affordable food supply. In addition, the United States and Japan are also coordinating APEC's

efforts to promote greener economies in the region, including by promoting trade and investment in environmental goods and services and increasing energy efficiency in the region. Finally, we are working to encourage entrepreneurship, especially women's entrepreneurship, to ensure long-term prosperity that benefits all.

Thank you very much for inviting me to testify. I look forward to your questions.